

Department of the Navy eBusiness Operations Office Zero-Based Review White Paper, December 2002

Purpose: Articulate the value the DON eBusiness Operations Office provides for the Department of the Navy (Ref [DON eBusiness Strategic Plan](#)).

Mission:

The DON eBusiness Operations Office is a dynamic, award-winning, best-value organization dedicated to achieving effective business solutions through eBusiness transformation. The office improves effectiveness, efficiency, and service delivery across the DON by guiding change, enabling eBusiness solutions, encouraging knowledge sharing, and returning value. The cross section of [stakeholders](#) from various strategic levels (Binder 1, Tab 2) highlights the diversity of business challenges that impact the DON today. This Office delivers value in meeting these challenges in numerous ways:

- Solutions to eBusiness Problems
- eBusiness Advice and Information
- Pilot Funding and Support
- Program Management
- Customer Service

Technology is a key enabler in improving processes and achieving efficiencies; however, it is only part of the solution. The DON eBusiness Operations Office actively supports the DON's technology evolution by infusing eBusiness best practices into the DON and supporting customers' business process re-engineering efforts. To ensure currency and relevancy, we align our efforts closely with those of the Functional Area Managers (FAMs), other DON and DOD enterprise-wide initiatives, and [OMB's E-Government Strategy](#) in support of the [President's Management Agenda](#). The office has an established portfolio of solutions applicable across many functional areas. In implementing the [Office charter](#), focus is on two key strategies:

- Act as a catalyst for implementing and integrating DON eBusiness efforts and facilitating the evolution to future technological solutions
- Centralizing operational control of financial cards and chip-based smart cards

Responsibilities:

The DON eBusiness Operations Office has the following key responsibilities as a center of eBusiness innovation:

- Be the DON's eBusiness catalyst for change through identifying opportunities to implement new eBusiness solutions and facilitate the integration of existing eBusiness initiatives.

- Conduct continuous market research and catalog industry and government eBusiness solutions.
- Be the clearinghouse for eBusiness best practices, identifying industry and government innovations and broadcasting DON-wide.
- Provide consulting services for DON organizations implementing eBusiness solutions to include Information Assurance considerations and DON architecture and interoperability standards.
- Develop and administer a process to invest in pilot projects to foster the implementation of innovative eBusiness solutions throughout the Department.

The DON eBusiness Operations Office has the following key responsibilities with regards to managing card programs and selected electronic transaction systems:

- Manage all DON card programs.
- Employ technological solutions and consolidate card programs, where appropriate, to create efficiencies and improve customer support.
- Develop a comprehensive, outcome-based metric collection and management program.
- Coordinate extensively with DON customers and serve as the Department's advocate for eBusiness card enhancements.

Value/Benefits Provided to date:

The DON eBusiness Operations Office was organized and structured around the premise of minimal Federal sector manning, while leveraging the relationships developed with commercial sector partners. This partnering arrangement facilitates staffing of the office with personnel possessing the skills necessary to implement and manage new technologies, while avoiding the cost of training and maintaining skills associated with the technologies as they continue to evolve. Employment of the commercial partnering concept also permits significant reach-back for specific skills required to support unique facets of the technologies and/or application development – a scalable, tailorable staffing solution for every challenge. Additionally, use of commercial partnering facilitates identification and implementation of commercial best practices. This hybrid government-commercial partnership has resulted in the following successes for our office and the Department:

- OMB awarded the 2002 E-Government Performance Leader Award for successfully promoting E-Government initiatives across the DON.
- Awarded the 2002 Federal CIO Productivity Award.
- Cited by the Performance Institute in the October 2002 “Creating a Performance Based Electronic Government” report for furthering the Presidents Management Agenda on Expanded Electronic Government.
- Several E-Government awards were presented to the Office for pilot efforts including Medical Appointing and GATOR Link.

eBusiness Innovation

The DON eBusiness Operations Office provides both consulting and research services and pilot project “seed” funding to solve critical business problems throughout the Department of the Navy. These eBusiness solutions make the warfighter’s business processes more effective and efficient, through the infusion of technology and best practices, and have a direct impact on combat readiness. eBusiness innovation services are centrally funded and available at no charge to DON customers. eBusiness innovation effectiveness and productivity was enhanced by completely aligning the consulting and research expertise with the pilot project management effort resulting in a single cohesive process to better support our sailors, Marines and civilians.

The projects completed to date have resulted in significant savings and return on investment (ROI) to the Department of the Navy. Specifically, these projects have provided an overall average 3:1 [return on investment](#) over 5 years. Many of the completed projects have gained follow-on sponsorship and have or will be implemented enterprise wide. In addition, several projects are being adopted by the other services for use by their activities.

Overall, 41 Consulting and Research engagements since June 2001 were conducted ranging from 8 hours to 3400 hours of support (Ref *Selection Criteria #1 and #2*, Ref *Summary of Major Consults*, *Examples of Strategic Level Deliverables*, #1, #2, #3, #4, and #5). Based on sample [customer feedback](#) on consulting engagements with the Office of Naval Intelligence the information provided allowed the customer to make informed decisions that resulted in tangible benefits. For example, the Enterprise Model documented its current systems and allowed the organization to prioritize and focus on areas that would reap significant benefit.

To date, over 30 eBusiness pilot projects have been funded through a rigorous selection criteria (Ref *Selection Criteria*, Ref *List of Pilot Projects*). Development of these solutions is accomplished through a rapid prototyping process. This process provides a structured approach to “quick prototyping” (90-120 days) of working eBusiness systems, with limited outlay of capital (under \$1 million). This allows for solutions to be tested on a limited scale to determine whether the solution is viable for use across the Department of the Navy. If solutions are not viable, less time and capital investment is lost than with a full-scale development and implementation, and valuable lessons are learned. Successful pilots form the basis of solutions, which are implemented across the enterprise. These pilot projects have provided solutions in a variety of areas including Distance Support, Maintenance/Engineering, Readiness, Communications, Supply Chain Management, Medical and Procurement.

For example, the [Medical Appointing project](#) revolutionized customer service in the medical community through infusing technology into the appointment process, allowing for follow on specialty appointments to be made at the time of the initial visit to the primary care provider. Another example of an extremely successful project is [Military Flight Operations Quality Assurance](#) pilot with Office of the Deputy Assistant Secretary of the Navy, Safety (ODASN(S)). This project improved aviation safety and readiness

through the use of a small flight recorder, which allows complete flight data to be downloaded into a PDA and transferred to a PC for high fidelity playback of an entire flight, transforming pilot training and minimizing or eliminating willful violations of performance parameters.

DON Common Access Card (CAC) Issuance and Program Management

The CAC is the mandated standard DOD identification card for active duty military personnel, selected reservists, National Guard, DOD civilian employees and eligible contract personnel, as directed in [DOD Directive 8190.3](#). [OSD memorandum dated January 16, 2001, Subject: Common Access Card](#), directs the CAC be the principal card used to enable physical access to controlled spaces as well as provide a means to gain access to the Department's computer networks and systems utilizing Public Key Infrastructure (PKI) authentication mechanisms. [ASD memorandum dated May 21, 2002, Subject: Public Key Infrastructure](#), directs that the CAC must be issued to all eligible DOD personnel by October 2003.

While DOD governs CAC issuance and program management (Ref [DOD Smart Card Senior Coordinating Group Directive](#)), our office is responsible for specific DON program management and CAC issuance. Responsibilities include: Initial mass issuance and sustained issuance to all eligible USN personnel; developing pilot applications to use the CAC to improve existing business practices; managing the configuration of the card to ensure it can be used with multiple applications; and public affairs to promote awareness and use of the CAC. Specifically, we have:

- Completed issuance of the Common Access Card (CAC) to 59% of the target DON population (approximately 1.43 million personnel) and anticipate achieving DOD mandate to issue to all designated DON personnel by end of FY03.
- Completed effort to make 4 Joint Service applications compatible with the CAC and available for use across DOD.
- Accomplished a revised acquisition strategy for the CAC program, leading to a cost avoidance of \$1.25M annually.
- Publication of [Public Affairs materials](#) for use at the local activity level.

DON Purchase Card/Travel Card Program Management

In accordance with [FMR volume 9, chapter 3](#) and [FMR volume 5, chapter 33](#), we are responsible for Navy Travel Card and Purchase Card program management and overall DON card operations. In the areas of Purchase Card and Travel Card, our efforts concentrated in two main areas: improved command, control and communications, and improved tools. Improvements in these areas incorporated specific guidance from Congressionals, GAO reports, and the DOD Charge Card Task Force.

- Standardized and distributed revised [Travel Card Instruction](#) and [Purchase Card Instruction](#).
- Created role-based desk guides and computer based training (CBT) for Travel Card and Purchase Card (Ref [Draft Travel Card Desk Guide](#) - please see separate CDs for Draft Travel Card CBT and Official Purchase Card CBT/Desk Guides).
- Established [video-teletraining](#) for Travel and Purchase Card.

- Instituted and hosted semi-annual APC Conferences and conducted monthly APC conference calls to facilitate communication of Travel and Purchase Card issues and policy. Repository of program documentation, directives, and metrics are available via our website. (Ref [Purchase Card APC Conference agenda and summary of surveys](#), [Travel Card APC Conference agenda and summary of surveys](#), [Naval message for Travel Card monthly conference calls](#) and [Naval message for Purchase Card monthly conference calls](#)).
- Serialized naval messages and periodic notices (Ref [Purchase Card](#) and [Travel Card](#)).
- On-going customer and operational support (Ref [Card Customer Testimonials](#)).
- On-going implementation of automated Purchase Card electronic certification, providing a [cost avoidance](#) of \$6M annually.
- Reduced number of cardholders, credit limits, and delinquency rates (Ref [Purchase Card Metrics](#) and [Travel Card Metrics](#)).
- Enforced and improved [span of control](#) and separation of functions (Ref [R/Y/G Dashboard](#)).
- Increased rebates ([Purchase Card Rebate Information](#), [Travel Card Rebate Information](#)).

Future direction:

Efforts will continue to emphasize projects that provide the highest impact to combat readiness and quality of life for the sailor and Marine. The eBusiness Operations Office is the DON's central focal point for meeting Federal eBusiness transformation goals ensuring our continued alignment with OMB's E-Government Strategy in support of the President's Management Agenda. In addition, we will continue to work closely with the Functional Area Managers (FAM) as well as the DON CIO office, to ensure alignment with the Department of the Navy objectives and strategies.

We will continue to actively monitor and influence evolving smart card technology. Smart card technology is expected to be refreshed every two to three years. Next generation CACs are currently being tested and will be introduced to the Department. We have partnered with industry and Navy organizations to identify and test technology for possible inclusion in future versions of the CAC. The integration of contactless chip and biometric technology verifies personal identity. Proof of concept piloting is taking place at Space and Naval Warfare Systems Command, Norfolk to evaluate the use of contactless chip and biometric technology resident on a CAC-like smart card. Other pilot projects involving automated time and attendance, regionalized CAC issuance, and web-enabled applications are in planning. Evaluations, recommendations, and clearinghouse activity in support of the configuration management process will be provided as the CAC becomes an application platform to transform business processes throughout the DON and DOD.

In the financial card arena, in addition to on-going operational support and continuing program management efforts, we have a partnership with DOD IG for fraud, misuse and abuse data-mining (Ref [Pilot Charter](#)). We will pilot an improved process building on

DOD IG, NAVAUD and GAO work to better identify potential fraudulent transactions and create a standard review and reporting tool. Additionally, we are currently examining our options for card consolidation. A Pre-Funded Travel Card pilot with Southwest REDCOM (Ref [Pilot Charter](#), Binder 6, Tab 17) will commence in Feb 03. Our Purchase Card semi-annual review will be revised with the next report due in 30 Apr 03. Other planned initiatives are an automated Purchase Card log, automated reconciliation, and 100% on-line electronic certification.

Impact if not funded:

If funding for eBusiness Innovation is not provided, we will lose 3 major benefits of a centralized DON eBusiness Operations Office:

- **Reduced duplication.** By reducing duplicative efforts regarding common business problems, the DON only pays for developing a solution once. The ability to reuse information and lessons learned from a variety of customer involvements including consulting engagements, pilot projects, research findings and enterprise initiatives is invaluable. Providing access to information in one place allows acceleration of business process reengineering efforts. The development of “stove-piped” applications across the Navy will perpetuate without us. Our office provides an invaluable enterprise-wide focus, promoting the development of applications that can be utilized across the Department of the Navy. This reduces duplication of efforts, promotes reuse of existing applications, and maximizes use of commercial technologies resulting in cost savings to the Navy.
- **Exponential impact.** This is the multiplier effect that our horizontal alignment allows us to bring to the DON. The Department of the Navy would lose the opportunity to recoup the 3:1 return on investment, which these pilot projects have historically provided. In essence, for each \$1 dollar not invested in pilot projects, the Navy will be potentially losing \$3 dollars in return. Assuming \$20 million in pilot funding, this is a potential loss of \$60 million dollars.
- **Transformation opportunities.** All of these efforts have had a positive impact on transforming the Navy towards a more efficient and effective enterprise, which is aligned with the OMB E-Government Strategy in support of the President’s Management Agenda. The funding for pilot projects and consulting is critical in continuing these transformation efforts of using technology to enable key Navy business processes. If the requested funding levels are not received, critical pilot opportunities and the capability to accelerate improved processes through unbiased evaluation of business challenges will be lost. The forward progress in achieving the enterprise goal of eBusiness transformation will not be met.

If funding for card management is not provided, the following inefficiencies will result:

- **Common Access Cards.** Without adequate CAC funding, DON will fail to meet DOD mandates involving CAC issuance and fielding of highly secure systems. This will result in significantly increased information assurance risk, increased likelihood of information systems compromise, increased risk of unauthorized entry to controlled areas, and serious loss of synergy critical to achieve required eBusiness transformations. Our current funding profile supports sustainment of CAC technology, fielding of next and future generation cards, technology upgrades, and DON-wide CAC configuration management and control.
- **Financial Cards.** Without funding for Travel Card and Purchase Card, we will be unable to provide on-going program management oversight and operational support. We will be unable to continue and complete identified program improvements per Congressionals, GAO and NAVAUD. We may return to the state found in earlier [Congressionals](#). Our most recent [GAO report](#) acknowledged the positive steps DON is taking to correct identified weaknesses and stated we are on the right path, but continued oversight and improvements are needed. Our current funding profiles allows for continued management and oversight along with necessary program improvements.